

ANNUAL REPORT



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CONTAINER CORPORATION OF AMERICA

CHICAGO, ILLINOIS

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March 3, 1950*

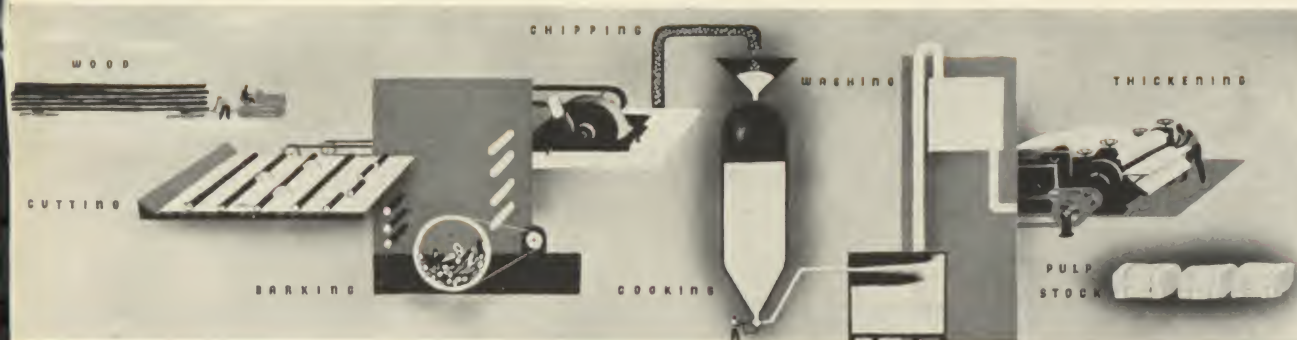
FISCAL YEAR ENDED DECEMBER THIRTY-FIRST

BOARDS

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The Annual Meeting of the stockholders will be held on Wednesday, April 12, 1950. A notice of the meeting, together with a form of proxy and a proxy statement, will be mailed to stockholders on or about March 14, 1950, at which time proxies will be requested by the management.



Making Paperboard

Above: The process of reducing wood to pulp for paper making. Showing in order, cutting, barking, chipping, cooking, washing and thickening.

Right: Waste paper, a paperboard ingredient, in bales, bags and crates; its dusting, sorting, baling and its destination, the paperboard mill.

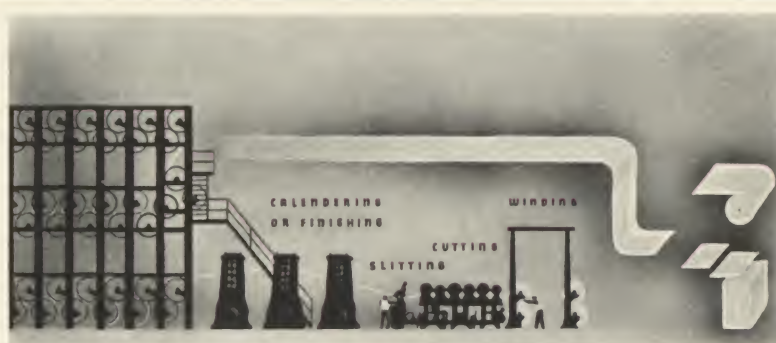


ANNUAL REPORT

MARCH 4, 1950

Above and Right: The manufacture of paperboard begins with laboratory control and continues with beating and refining, forming, pressing, drying, calendering, slitting, cutting and winding.

Below: The finished product, its storage, as roll stock, its handling as flat stock, its distribution to fabricators of shipping containers, folding cartons, paper cans, set-up boxes and specialties.



CONTAINER CORPORATION OF AMERICA

AND SUBSIDIARY COMPANIES

MILLS

CARTHAGE, INDIANA
CHATTANOOGA, TENNESSEE
CHICAGO, ILLINOIS
CIRCLEVILLE, OHIO
FERNANDINA, FLORIDA

LOS ANGELES, CALIFORNIA
PHILADELPHIA, PENNSYLVANIA
TACOMA, WASHINGTON
WABASH, INDIANA
WILMINGTON, DELAWARE

FACTORIES

ANDERSON, INDIANA
ATLANTA, GEORGIA
AUBURN, WASHINGTON
BALTIMORE, MARYLAND
BOSTON, MASSACHUSETTS
CHATTANOOGA, TENNESSEE
CHICAGO, ILLINOIS
CINCINNATI, OHIO
CLEVELAND, OHIO
DETROIT, MICHIGAN
FORT WORTH, TEXAS
GREENSBORO, NORTH CAROLINA
JOHNSON CITY, TENNESSEE

KALAMAZOO, MICHIGAN
KNOXVILLE, TENNESSEE
LOS ANGELES, CALIFORNIA
MUSKOGEE, OKLAHOMA
NEW ORLEANS, LOUISIANA
OAKLAND, CALIFORNIA
PHILADELPHIA, PENNSYLVANIA
PORTLAND, OREGON
ROCK ISLAND, ILLINOIS
ST. LOUIS, MISSOURI
SEATTLE, WASHINGTON
SIOUX CITY, IOWA

SALES OFFICES

ANDERSON, INDIANA
ATLANTA, GEORGIA
AUBURN, WASHINGTON
BALTIMORE, MARYLAND
BOSTON, MASSACHUSETTS
CHATTANOOGA, TENNESSEE
CHICAGO, ILLINOIS
CINCINNATI, OHIO
CLEVELAND, OHIO
DALLAS, TEXAS
DETROIT, MICHIGAN
FORT WORTH, TEXAS
FRESNO, CALIFORNIA
GREENSBORO, NORTH CAROLINA
HOUSTON, TEXAS
HUNTINGTON, WEST VIRGINIA
INDIANAPOLIS, INDIANA
JOHNSON CITY, TENNESSEE
KALAMAZOO, MICHIGAN
KNOXVILLE, TENNESSEE
LOS ANGELES, CALIFORNIA

LOUISVILLE, KENTUCKY
MEMPHIS, TENNESSEE
MINNEAPOLIS, MINNESOTA
MUSKOGEE, OKLAHOMA
NASHVILLE, TENNESSEE
NEW ORLEANS, LOUISIANA
NEW YORK, NEW YORK
OAKLAND, CALIFORNIA
OMAHA, NEBRASKA
ORLANDO, FLORIDA
PHILADELPHIA, PENNSYLVANIA
PITTSBURGH, PENNSYLVANIA
PORTLAND, OREGON
ROCK ISLAND, ILLINOIS
ST. LOUIS, MISSOURI
SAN FRANCISCO, CALIFORNIA
SEATTLE, WASHINGTON
SHREVEPORT, LOUISIANA
SIOUX CITY, IOWA
TACOMA, WASHINGTON
WABASH, INDIANA

FOREIGN COMPANIES

CARTON INTERNACIONAL, S.A., PANAMA
CARTON DE COLOMBIA, S.A. (50% ownership)
CARTOENVASES DE MEXICO, S.A. (50% ownership)

38 SOUTH DEARBORN STREET, CHICAGO 3, ILLINOIS

DIRECTORS WILLIAM R. BASSET, Greenwich, Connecticut
JOHN E. BIERWIRTH, New York, New York
HENRY B. CLARK, San Diego, California
WESLEY M. DIXON, Chicago, Illinois
JOHN L. DOLE, Chicago, Illinois
RICHARD G. IVEY, London, Ontario, Canada
WILLIAM P. JEFFERY, New York, New York
IRA C. KELLER, Chicago, Illinois
WALTER P. PAEPCKE, Chicago, Illinois
JOHN V. SPACHNER, Chicago, Illinois

EXECUTIVE COMMITTEE	WILLIAM R. BASSET	RICHARD G. IVEY
	JOHN E. BIERWIRTH	WILLIAM P. JEFFERY
	WESLEY M. DIXON	WALTER P. PAEPCKE

OFFICERS Chairman of the Board, WALTER P. PAEPCKE
President, WESLEY M. DIXON
Executive Vice President, IRA C. KELLER
Executive Vice President, JOHN V. SPACHNER
Vice President, LAURENCE T. McCURDY
Vice President, JAMES E. PURVIS
Vice President, JOHN G. ROBINSON
Vice President, FRANK J. SAUER
Vice President, JOHN D. SPENCE
Controller, CARL M. BLUMENSCHNEIN
Treasurer, PAUL W. GUENZEL
Secretary, EARL A. WAGONSELLER
Assistant Controller, EDWARD J. STOUT
Assistant Controller, GERALD C. WEILAND
Assistant Treasurer, ARTHUR R. JOHNSON
Assistant Secretary, HANS J. GREVEN
Assistant Secretary, CLARENCE H. SEELEY

TRANSFER AGENTS CONTAINER CORPORATION OF AMERICA, Chicago, Illinois
CITY BANK FARMERS TRUST COMPANY, New York, New York

REGISTRARS CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST
COMPANY, Chicago, Illinois
THE NEW YORK TRUST COMPANY, New York, New York

A GLANCE AT THE LAST FIVE YEARS

	1949	1948	1947	1946	1945
Sales.....	\$114,770,627	\$131,056,327	\$128,345,675	\$91,090,286	\$74,138,191
Tons shipped.....	673,038	725,798	675,583	624,126	597,267
Earnings per common share....	\$8,777,328 \$8.46	\$10,424,593 \$10.12	\$10,273,603 \$10.09	\$7,165,561 \$7.23	\$2,026,103 \$2.59
Dividends paid and declared..... per cent of earnings... preferred (per share).. common (per share)...	\$4,355,086 50% \$4.00 \$4.00	\$4,856,033 47% \$4.00 \$4.50	\$4,801,133 47% \$3.44 \$4.50	\$3,222,911 45% \$3.40	\$1,171,879 58% \$1.50
Year's earnings reinvested in business.....	\$4,422,242	\$5,568,560	\$5,361,679	\$4,344,865	\$854,224
Depreciation.....	\$2,731,924	\$2,507,074	\$1,756,156	\$1,513,169	\$1,435,464
Factory and paper mill improvements.....	\$5,594,884	\$7,942,579	\$9,602,406	\$4,059,319	\$1,581,001
Working capital (liquid funds less current payables).....	\$20,805,637	\$18,748,467	\$17,242,886	\$13,080,298	\$9,077,714
Taxes (Federal, state and local).....	\$7,531,478	\$7,968,025	\$7,945,261	\$6,298,435	\$7,568,906
Hourly wages paid.....	\$23,549,362	\$25,291,473	\$23,057,949	\$17,466,891	\$13,289,243
Stockholders' investment per employee.....	\$6,250	\$5,412	\$4,818	\$3,854	\$3,274

**CONTAINER CORPORATION OF AMERICA
AND SUBSIDIARY COMPANIES
CHICAGO, ILLINOIS, MARCH 4, 1950**

**TO THE SHAREHOLDERS AND EMPLOYEES OF
CONTAINER CORPORATION OF AMERICA**

The Annual Report of Container Corporation of America for the year ended December 31, 1949, together with the Auditors' Certificate, Consolidated Balance Sheet, and summaries of Consolidated Profit and Loss and Surplus Accounts, is submitted to you.

These statements include four wholly owned subsidiaries, namely, California Container Corporation, O. B. Andrews Company, Sefton Fibre Can Company, and Pioneer Paper Stock Company.

A GLANCE AT THE LAST FIVE YEARS, shown on the opposite page, offers a quick summary of pertinent facts.

FINANCIAL REVIEW

EARNINGS. Consolidated net earnings for 1949 were \$8,777,328, as compared with \$10,424,593 for 1948. The results for both years are after all charges, including provisions for depreciation and for Federal, state and local taxes. The net earnings after preferred dividends amounted to \$8.46 a share on the 990,474 shares of common stock outstanding at the year end and compare with \$10.12 per share in the preceding year on the same number of shares.

The elements affecting lower earnings compared with the previous year were somewhat reduced volume and moderately lower selling prices. During the spring and early summer

months when volume was at its lowest, some raw materials were also available at lower prices—a temporarily favorable factor. During the month of July volume increased contra-seasonally, and while primary raw materials began moving upward, there was no corresponding increase in selling prices; rather only some lessening of the rate of decline. Technical and mechanical improvements were favorable factors affecting costs throughout the year. On the other hand, with business much more competitive, it was desirable to have a wider and more thorough sales coverage, which resulted in a somewhat higher sales expense in dollars and a considerably higher percentage selling cost.

Quarterly earnings per share on the common stock, after provision for dividends on the preferred stock for the year 1949, were as follows:

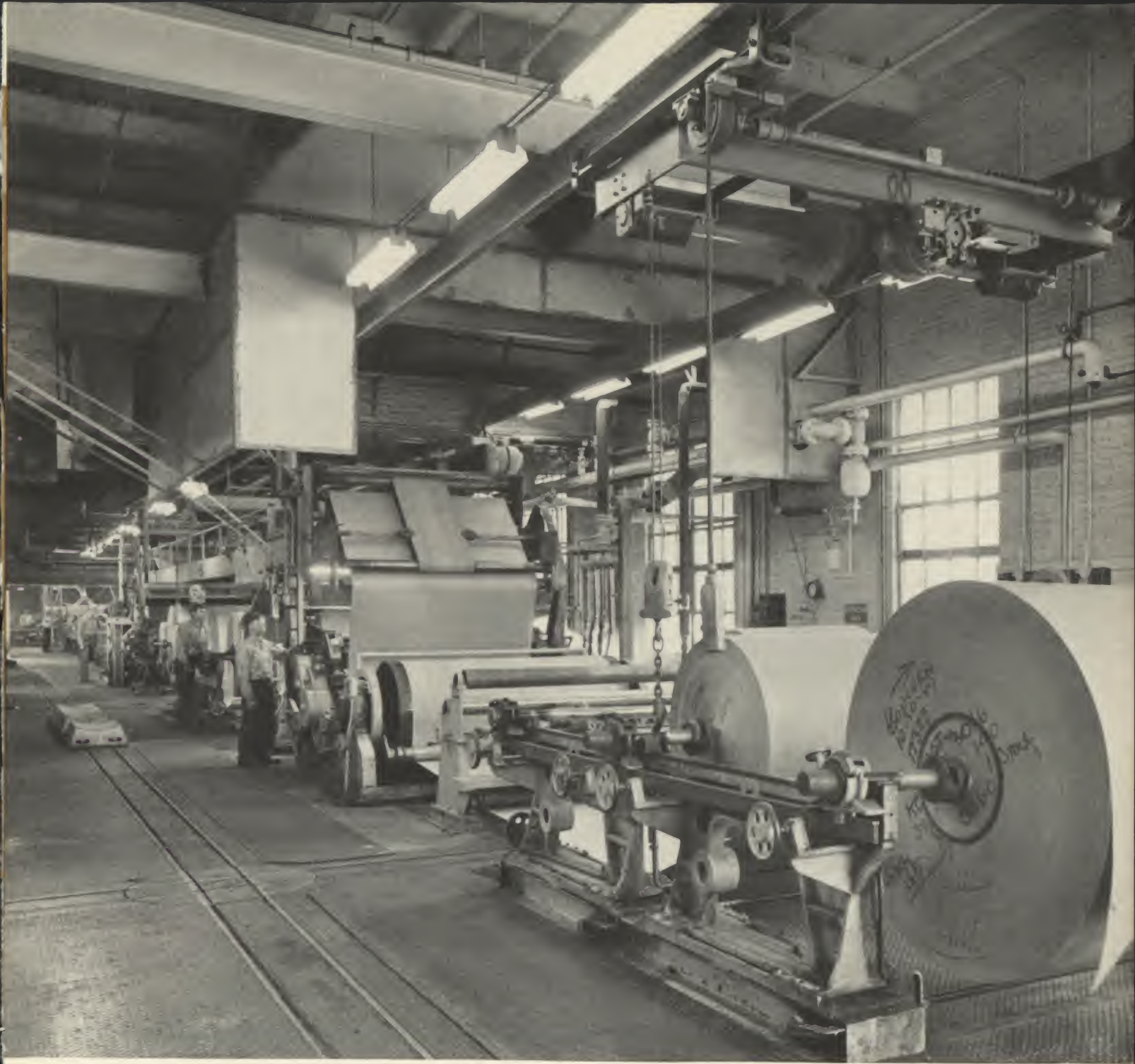
1st Quarter.....	\$1.89
2nd Quarter.....	1.56
3rd Quarter.....	2.28
4th Quarter.....	2.73*
	<u>\$8.46</u>

*The fourth quarter earnings include \$.34 per share representing year end adjustments.

Dividends paid during 1949 were as follows:

Preferred Stock		Common Stock	
March 1.....	\$1.00	February 19.....	\$.75
June 1.....	1.00	May 20.....	.75
September 1.....	1.00	August 19.....	.75
December 1.....	1.00	November 21.....	.75
	<u>\$4.00</u>	December 27.....	1.00
			<u>\$4.00</u>





Above, recently enlarged corrugating machine at the Chicago Ogden plant.
Left, type of movable power ricker for building straw ricks at the strawboard mills.

A comparative tabulation of operating results for the last three years is given below:

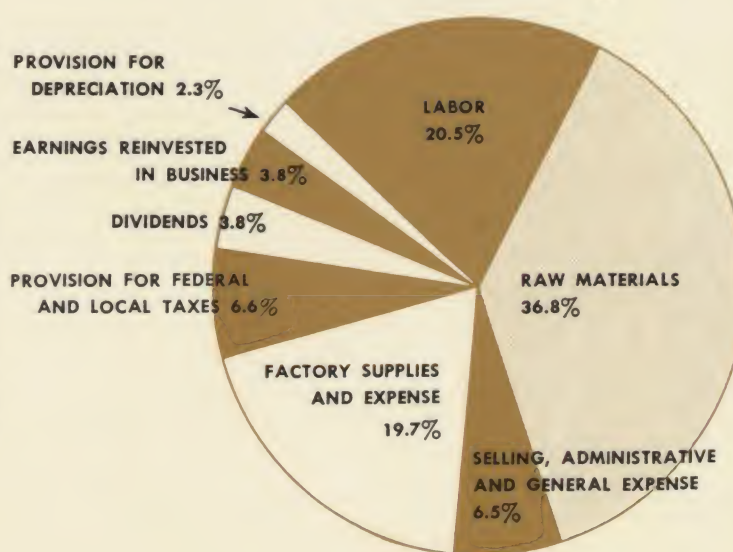
	1949	1948	1947
Sales.....	\$114,770,627	\$131,056,327	\$128,345,675
Cost of sales.....	89,826,767	104,282,979	102,475,747
Gross earnings.....	\$ 24,943,860	\$ 26,773,348	\$ 25,869,928
Provision for depreciation and depletion.....	2,650,180	2,433,370	1,715,774
Gross earnings from operations.....	\$ 22,293,680	\$ 24,339,978	\$ 24,154,154
Selling, administrative and general expenses.....	7,936,829	7,585,901	6,872,580
Earnings from operations.....	\$ 14,356,851	\$ 16,754,077	\$ 17,281,574
Other income or deductions.....	395,477	236,516	307,971
Earnings before Federal income taxes.....	\$ 14,752,328	\$ 16,990,593	\$ 16,973,603
Provision for Federal income taxes.....	5,975,000	6,566,000	6,700,000
Net earnings for the year.....	\$ 8,777,328	\$ 10,424,593	\$ 10,273,603

Depreciation was again provided at rates similar to those used in preceding years. The amount of depreciation was \$2,514,505. The increase compared to previous years was due to additional depreciation on capital additions and improvements. Depletion of the Company's own timber amounted only to \$135,675 as most of its requirements were again purchased from others.

Loss on capital assets sold or retired totaled \$52,921 which was charged against the year's earnings.

Repair and maintenance expenses were lower than those of the previous year, but continued on a high level because of high cost of labor and materials, as well as the high rate of activity in mills and factories through most of the year.

Total Federal, state and local taxes amounted to \$7,531,478 or \$7.60 per share of outstanding common stock. Of this amount \$5,975,000 or \$6.03 per share was provided for Federal income taxes. State and local taxes continued to increase, amounting to \$994,833 compared with \$810,514 in 1948 and \$705,250 in 1947. Payroll taxes for social security purposes were \$561,645, equivalent to approximately \$57 for each employee.



The diagram opposite below and the following tabulation indicate the disposition of the Company's sales dollar:

	1949		1948	
Sales.....	\$114,770,627	100.0%	\$131,056,327	100.0%
Raw materials.....	\$ 42,285,915	36.8%	\$ 50,006,914	38.1%
Labor.....	23,549,362	20.5	25,291,473	19.3
Factory supplies and expense.....	22,553,749	19.7	27,740,532	21.2
Provision for depreciation and depletion.....	2,650,180	2.3	2,433,370	1.8
Selling, administrative and general expenses, etc..	7,422,615	6.5	7,191,420	5.5
Federal, state and local taxes.....	7,531,478	6.6	7,968,025	6.1
Dividends.....	4,355,086	3.8	4,856,033	3.7
Earnings reinvested in the business.....	4,422,242	3.8	5,568,560	4.3

Following is a statement showing the disposition of earnings and other corporate funds:

Funds were provided from the following sources:			
Earnings for the year.....		\$8,777,328	
Expense items which did not require cash expenditures—			
Provision for depreciation (includes depletion of \$135,675; also includes depreciation of \$81,744 charged to administrative and selling costs).....		2,731,924	\$11,509,252
Decrease in funds set aside for improvements.....			350,000
Decrease in other investments and advances.....			242,625
Decrease in deferred charges.....			152,498
Total funds provided.....			\$12,254,375
Funds were expended or segregated for the following:			
Dividends—			
4% Cumulative preferred stock.....	\$ 393,190		
Common stock.....	3,961,896	\$4,355,086	
Plant and equipment—			
Additions.....	\$5,594,884		
Less net book value of sales and retirements.....	96,324	5,498,560	
Decrease in reserve for contingencies.....		155,332	
Increase in sinking fund for retirement of preferred stock....		188,227	\$10,197,205
Resulting in an increase in working capital of.....			\$ 2,057,170

WORKING CAPITAL. Changes in working capital between 1949 and 1948 are detailed in the following table:

	December 31		Increase or Decrease (d)
	1949	1948	
CURRENT ASSETS:			
Cash.....	\$ 7,541,323	\$ 7,521,586	\$ 19,737
U. S. Government securities.....	5,544,423	2,236,451	3,307,972
Accounts receivable.....	4,709,071	4,918,005	208,934(d)
Inventories.....	7,334,972	8,630,364	1,295,392(d)
Total current assets.....	<u>\$25,129,789</u>	<u>\$23,306,406</u>	<u>\$1,823,383</u>
CURRENT LIABILITIES:			
Accounts payable.....	\$ 1,811,759	\$ 1,910,061	\$ 98,302(d)
Accrued wages, etc.....	1,366,581	1,589,417	222,836(d)
Accrued taxes.....	941,187	959,561	18,374(d)
Provision for Federal income taxes.....	*	*	—
Dividends payable.....	98,050	98,900	850(d)
Sinking fund payments due within a year.....	106,575	—	106,575
Total current liabilities.....	<u>\$ 4,324,152</u>	<u>\$ 4,557,939</u>	<u>\$ 233,787(d)</u>
Net working capital.....	<u>\$20,805,637</u>	<u>\$18,748,467</u>	<u>\$2,057,170</u>
Current ratio.....	5.81 to 1	5.11 to 1	
*Provision for Federal income taxes.....	\$ 7,141,293	\$ 7,596,493	
Less U. S. Treasury Notes.....	7,141,293	7,596,493	

Increase in working capital amounted to \$2,057,170. At the end of 1948, \$4,350,000 of cash and U. S. Government securities had been set aside for improvements; these funds were used in 1949. At the year end \$4,000,000 were set aside for further improvements and additions, including the installation of a modern folding boxboard machine in the Los Angeles area. Although working capital was reduced by this amount, there still remained the increase mentioned above.





Above and right, two views of the new water clarification system completed in 1949 at the Manayunk, Philadelphia plant.

Left, printing press recently installed at Manayunk for the printing of folding cartons in two colors.

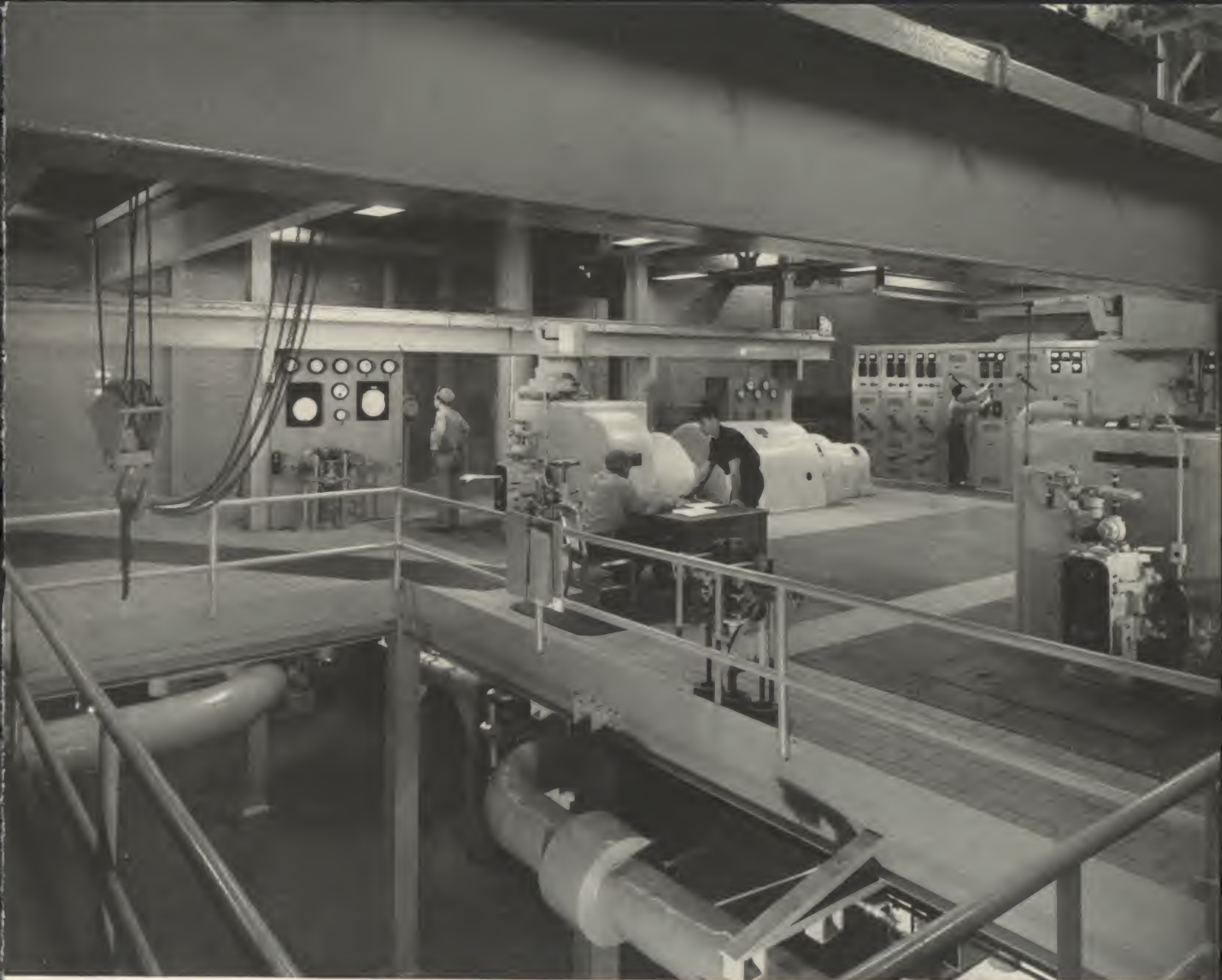




Capital expenditures in 1949 totaled \$5,594,884. The Los Angeles, California and Tacoma, Washington paperboard mills formerly under lease were purchased. Major paperboard mill improvements were completed at Philadelphia and further progress was made on the mill modernization program at Wabash, Indiana and Chicago. A major replacement of one Chicago paperboard mill power plant was partially accomplished and will be completed late in 1950. The final installations, including a new office building, were made at the Fernandina kraft container board mill. This mill is producing more than twice as much southern kraft container board as its originally rated capacity. Fabrication equipment was installed in many plants for product improvement and cost reductions.

The major improvement program begun four years ago is about completed with the exception of a small amount of machinery to be delivered in 1950. During the latter part of the year more of the cost reductions and quality improvements anticipated from the new installations were beginning to make themselves felt. Physical properties are in very good operating condition and no substantial amount of capital expenditures is believed necessary in the immediate future. There continue to be, however, improvements in the art





Above, rebuilt turbine room at the Wabash, Indiana mill.

Right, rebuilt machine room wall with improved fenestration at the Circleville, Ohio mill.

Left above, building recently completed in Muskogee, Oklahoma for the manufacture of corrugated shipping containers.

Below, corrugating machine at the Chattanooga, Tennessee plant.



OPERATIONS

The table below sets forth the tons of paperboard and pulp produced by the Company's pulp and paperboard mills, and the tons of finished product shipped by the mills and factories to customers:

	Tons Produced in Mills	Tons Finished Product Shipped
1940.....	461,815	504,507
1941.....	546,002	627,292
1942.....	508,423	575,856
1943.....	537,076	598,918
1944.....	523,946	585,018
1945.....	534,131	597,267
1946.....	558,621	624,126
1947.....	589,780	675,583
1948.....	617,936	725,798
1949.....	556,854	673,038

The tons of finished product shipped again exceeded tons produced in the Company's mills because of tonnage purchased from outside sources over and above the Company's own production. The new kraft paperboard mill at Fernandina, Florida is now producing at the rate of more than 120,000 tons per annum (approximately 100,000 tons of container board and 20,000 tons of pulp) against an originally rated capacity of 60,000 tons. Further, your Company has existing contracts for the purchase of approximately 100,000 tons of kraft container board per annum. Out of twenty-two northern paper machines, three produce what is commonly called cylinder jute liner made from a waste paper base with an admixture of kraft pulp or pulp substitutes. The other nineteen machines do not produce liner board but rather folding carton board, chip board and straw board. The three jute liner board machines have been modernized and are producing cylinder jute liner at thoroughly competitive costs with substantially lower freight rates than are enjoyed by southern mills to northern consuming fabricating plants. The annual capacity of these three machines is approximately 100,000 tons. Consequently, the availability of jute liner and of kraft liner aggregates 300,000 tons. Due to the fact that kraft liner weighs somewhat less than jute liner, and as containers are sold on a square foot basis and not by the ton, your Company's ratio of available container board is about 30% jute against 70% kraft.

At the present time the delivered market price of cylinder jute liner and kraft liner, as well as of containers made of jute or kraft, is approximately the same.

SALES

Consolidated sales for 1949 were \$114,770,627 compared with \$131,056,327 in 1948, a decrease of 12%.

Sales of fabricated products comprised a slightly higher percentage of total sales than in the previous year. Volume of business began to decline early in the year with a sharp reduction in the second quarter. During July conditions changed with improved general business; this condition continued for the balance of the year. Selling prices in some





Above, frozen food packaging.

Below, series of tile stock chests at the Wabash, Indiana mill.



Typical Sefton Fibre Can Company production.

Locker room at the Circleville, Ohio mill.



products showed declines, but the rate of decline lessened toward the end of the year as volume improved.

The Departments of Art and Design, as well as the Research Laboratories were used more extensively than ever before by many of our customers. Older designs on many packages were modernized for more effective display, and new designs of containers and cartons were created for newly developed products.

SUBSIDIARY AND AFFILIATED COMPANIES

O. B. Andrews Company with one paperboard mill in Chattanooga and fabricating plants in Chattanooga, Knoxville and Johnson City, Tennessee and Atlanta, Georgia made further progress in product improvement and diversification.

California Container Corporation, operating paperboard mills in Los Angeles, California, Tacoma, Washington and fabricating plants in Los Angeles and Oakland, California, in Seattle, Washington and Portland, Oregon continued to expand its fabricating facilities. The folding carton equipment of Bemiss-Jason Company was leased and installed in the Oakland container plant.

Sefton Fibre Can Company in St. Louis, Missouri and New Orleans, Louisiana increased its sale of fibre cans, and early in the year leased a factory in Auburn, Washington for the production of special cans for such products as frozen foods.

Pioneer Paper Stock Company, having plants in Chicago, Illinois, Kalamazoo and Detroit, Michigan, Baltimore, Maryland and Philadelphia, Pennsylvania supplied waste paper to its many customers, as well as to your Company's own paperboard mills. Waste paper declined in price during the second quarter, but rose to higher levels as demand increased during the last few months.

FOREIGN INVESTMENTS. Your Company has a 50% stock interest in two foreign companies through its wholly owned subsidiary, Carton Internacional, S. A.

Carton de Colombia, S. A. is a modern, completely integrated operation. It operates a paperboard mill, container and carton plants at Cali. A satisfactory profit was earned during the year. Expanded uses for paperboard containers and cartons are being developed throughout Colombia.

Cartoenvases de Mexico, S. A., with its carton factory in Mexico City, had a slight decline in sales during the year but continued to operate profitably.

INDUSTRY CONDITIONS

The paperboard industry operated at 83% of capacity, and produced 9,121,862 tons compared with 94% and 9,502,900 tons in the previous year, or a decline of 4% in tons. By the middle of 1949 most of the new paperboard capacity planned in recent years was in operation.

The container industry unit shipments for the year declined 2.6% from 62,217,700,000 square feet to 60,596,346,000 square feet.

The folding carton industry consumed 2,076,208 tons of boxboard, which was 2.6% less than in the previous year.

Texas



Artist—Mack Stanley, native of Texas

TEXAS—annual purchases: \$5½ billion—mostly packaged.

CONTAINER CORPORATION OF AMERICA



EMPLOYEE RELATIONS

At the year end approximately 10,000 persons were in the employ of the Company. Due to lower volume in the first half of the year it was necessary to reduce the personnel in many of the plants. It is gratifying to report that as volume increased in the second half of the year, most of these employees were recalled to work. Average individual earnings and average hours of work for the year were approximately the same as the previous year.

No lost-time due to strikes occurred, and absenteeism and labor turnover decreased moderately.

Splendid cooperation among all Container employees was evident throughout a year in which many difficult problems had to be faced and resolved.

SAFETY. The overall safety performance was better, three of the plants having had no lost-time accidents. In 1949 the Carthage Mill received the Distinguished Service to Safety Award from the National Safety Council.

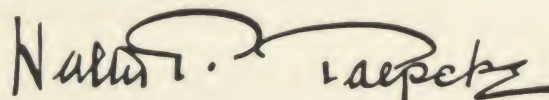
RETIREMENT ANNUITY PLAN. As of the end of the year, 89% of those employees eligible were participating in the Company's Retirement Annuity Plan. Combined employee and Company contributions for the year 1949 amounted to \$1,362,186; the employees contributed \$619,175 and the Company \$743,011. Contributions by and on account of executive officers amounted to 3.2% while 96.8% was contributed by and on account of other employees. The larger percentage for executive officers compared with the previous year was due to the election of additional vice presidents.

MANAGEMENT PROFIT SHARING PLAN. Under this plan, approved by the share holders at their annual meeting in 1940, a total amount of \$1,747,377 would have been payable for the year 1949; however, the non-participating directors entrusted with the final determination of the profit sharing amount concluded that under present conditions, the amount to be distributed should be limited to \$346,800, compared with \$462,050 last year. Distributions were authorized as follows: 17.3% to the Chairman of the Board, 7.9% to the President, 32.9% to the seven Vice Presidents, and 41.9% to 52 other employees, including the Secretary, Treasurer and the Controller.

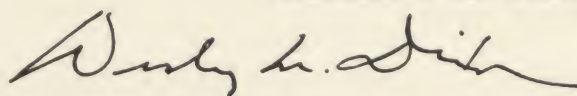
The Board of Directors wishes to record its appreciation for the conscientious and effective performance of the entire organization during a year which, after some unfavorable conditions in the second and early third quarters and marked improvement in the late months, finally became one of the better years in the Company's history.

Submitted on behalf of the Board of Directors.

Respectfully,



Chairman of the Board



President

One of the continuing series of advertisements depicting each of the forty-eight states of the United States, appearing in magazines of national circulation. Artists native to each state are engaged to make the paintings.

CONTAINER CORPORATION OF AMERICA AND CONSOLIDATED YEAR-END BALANCE SHEETS FOR TWELVE YEAR ASSETS

	1949	1948	1947	1946	1945
Cash.....	\$ 7,541,323	\$ 7,521,586	\$ 6,533,344	\$ 5,917,335	\$ 3,991,492
U. S. Government securities.....	5,544,423	2,236,451	748,187	133,321	1,620,562
Accounts and notes receivable.....	4,709,071	4,918,005	6,180,152	5,115,371	3,081,785
Inventories.....	7,334,972	8,630,364	9,270,857	6,136,154	4,529,376
Total current assets.....	\$25,129,789	\$23,306,406	\$22,732,540	\$17,302,181	\$13,223,215
Cash and government securities set aside for improvements.....	4,000,000	4,350,000	6,000,000	4,000,000	—
Postwar excess profits tax refund.....	—	—	—	—	—
Other receivables and investments.....	1,031,307	1,273,932	1,317,990	1,596,964	1,324,789
Land.....	4,127,968	4,050,794	3,827,846	3,717,904	3,549,668
Buildings, machinery and equipment.....	57,704,750	52,725,650	45,853,731	34,758,138	29,122,070
Reserve for depreciation.....	26,017,667	23,728,028	21,885,495	19,284,987	17,173,036
Deferred charges.....	1,036,349	1,188,846	786,845	803,285	482,755
Goodwill and patents.....	I	I	I	I	I
	<u>\$67,012,497</u>	<u>\$63,167,601</u>	<u>\$58,633,458</u>	<u>\$42,893,486</u>	<u>\$30,529,462</u>

LIABILITIES

Accounts payable.....	\$ 1,811,759	\$ 1,910,061	\$ 3,019,510	\$ 2,037,779	\$ 2,309,871
Accrued wages, taxes, etc.....	2,307,768	2,548,978	2,370,144	2,184,104	1,835,630
Reserve for Federal income taxes.....	—*	—*	—*	—*	—*
Dividends payable.....	98,050	98,900	100,000	—	—
Sinking fund payments due within a year..	106,575	—	—	—	—
Total current liabilities.....	\$ 4,324,152	\$ 4,557,939	\$ 5,489,654	\$ 4,221,883	\$ 4,145,501
Funded debt.....	—	—	—	—	—
Reserve for contingencies.....	955,190	1,110,522	1,110,522	2,000,000	1,400,000
Preferred stock.....	10,000,000	10,000,000	10,000,000	—	—
Common stock.....	19,809,480	19,809,480	19,809,480	19,809,480	15,625,060
Paid-in surplus.....	3,829,851	3,829,851	3,829,851	3,829,851	671,494
Earned surplus.....	28,384,753	23,962,511	18,393,951	13,032,272	8,687,407
Sinking fund for retirement of preferred stock	290,929	102,702	—	—	—
	<u>\$67,012,497</u>	<u>\$63,167,601</u>	<u>\$58,633,458</u>	<u>\$42,893,486</u>	<u>\$30,529,462</u>
Working capital.....	\$20,805,637	\$18,748,467	\$17,242,886	\$13,080,298	\$ 9,077,714
Current ratio.....	5.81 to 1	5.11 to 1	4.14 to 1	4.10 to 1	3.19 to 1
Book value per common share.....	\$ 52.53	\$ 48.07	\$ 42.44	\$ 37.02	\$ 31.98

Note—Italics denote red figures.

*Provision for Federal income taxes which includes renegotiation reserve for 1943, 1944 and 1945.....	\$7,141,293	\$7,596,493	\$7,835,425	\$7,266,403	\$8,080,442
Less U. S. Treasury Notes.....	7,141,293	7,596,493	7,835,425	7,266,403	8,080,442
	—	—	—	—	—

SUBSIDIARY COMPANIES

PERIOD ENDED DECEMBER 31, 1949

1944	1943	1942	1941	1940	1939	1938
\$ 2,364,987	\$ 1,649,835	\$ 1,216,063	\$ 1,249,665	\$ 2,456,532	\$ 1,044,918	\$ 1,031,969
612,166	297,061	285,870	—	—	—	—
2,809,884	2,913,481	2,380,611	3,108,880	1,969,006	1,903,452	1,474,683
3,737,137	3,481,416	3,199,667	4,340,712	3,410,931	3,644,189	2,859,950
\$ 9,524,174	\$ 8,341,793	\$ 7,082,211	\$ 8,699,257	\$ 7,836,469	\$ 6,592,559	\$ 5,366,602
—	—	—	—	—	—	—
1,720,834	1,010,834	361,000	—	—	—	—
864,472	76,143	135,134	367,664	802,253	1,561,736	1,487,517
3,551,231	3,569,681	3,583,906	3,599,118	3,485,447	3,463,005	3,450,285
27,867,623	26,972,366	26,361,566	25,864,025	25,096,655	24,051,950	23,452,635
15,918,586	14,573,515	13,269,224	11,952,714	10,992,835	9,897,678	8,922,908
508,991	446,918	283,175	227,151	187,062	338,039	387,994
I	I	I	I	I	I	I
\$28,118,740	\$25,844,221	\$24,537,769	\$26,804,502	\$26,415,052	\$26,109,612	\$25,222,126

\$ 1,462,096	\$ 849,217	\$ 1,154,353	\$ 1,321,396	\$ 345,977	\$ 820,005	\$ 446,525
1,426,907	1,256,587	1,048,981	1,118,470	832,830	516,978	392,440
—*	—*	—*	360,070*	1,186,977	296,000	34,200
—	—	—	—	—	—	—
—	—	—	—	—	250,000	128,000
\$ 2,889,003	\$ 2,105,804	\$ 2,203,334	\$ 2,799,936	\$ 2,365,784	\$ 1,882,983	\$ 1,001,165
—	—	—	2,900,000	4,100,000	5,126,000	5,945,500
1,100,000	500,000	—	—	—	—	500,000
—	—	—	—	—	—	—
15,625,060	15,625,060	15,625,060	15,625,060	15,625,060	15,625,060	15,625,060
671,494	671,494	671,494	671,494	671,494	671,494	671,494
7,833,183	6,941,863	6,037,881	4,808,012	3,652,714	2,804,075	1,478,907
—	—	—	—	—	—	—
\$28,118,740	\$25,844,221	\$24,537,769	\$26,804,502	\$26,415,052	\$26,109,612	\$25,222,126
\$ 6,635,171	\$ 6,235,989	\$ 4,878,877	\$ 5,899,321	\$ 5,470,685	\$ 4,709,576	\$ 4,365,437
3.30 to 1	3.96 to 1	3.21 to 1	3.11 to 1	3.31 to 1	3.50 to 1	5.36 to 1
\$ 30.89	\$ 29.74	\$ 28.59	\$ 27.01	\$ 25.53	\$ 24.45	\$ 22.75
\$9,896,997	\$9,218,820	\$6,878,426	\$4,564,790			
9,896,997	9,218,820	6,878,426	4,204,720			
—	—	—	\$ 360,070			

CONTAINER CORPORATION OF AMERICA AND CONSOLIDATED PROFIT AND LOSS STATEMENTS FOR TWELVE

	1949	1948	1947	1946	1945
Sales	\$114,770,627	\$131,056,327	\$128,345,675	\$91,090,286	\$74,138,191
Cost of sales	89,826,767	104,282,979	102,475,747	71,246,408	59,589,990
Gross earnings	\$ 24,943,860	\$ 26,773,348	\$ 25,869,928	\$19,843,878	\$14,548,201
Provision for depreciation	2,650,180	2,433,370	1,715,774	1,493,346	1,435,464
Gross earnings from operations	\$ 22,293,680	\$ 24,339,978	\$ 24,154,154	\$18,350,532	\$13,112,737
Selling, administrative and general expenses	7,936,829	7,585,901	6,872,580	5,317,302	4,496,451
Earnings from operations	\$ 14,356,851	\$ 16,754,077	\$ 17,281,574	\$13,033,230	\$ 8,616,286
Other income and deductions, net	395,477	236,516	307,971	102,331	399,817
Earnings before interest and Federal income taxes	\$ 14,752,328	\$ 16,990,593	\$ 16,973,603	\$13,135,561	\$ 9,016,103
Interest charges, etc.	—	—	—	—	—
Earnings before Federal income taxes	\$ 14,752,328	\$ 16,990,593	\$ 16,973,603	\$13,135,561	\$ 9,016,103
Provision for Federal income taxes (including renegotiation in 1945, 1944 and 1943)	5,975,000	6,566,000	6,700,000	5,370,000	6,690,000
Net earnings for the year	\$ 8,777,328	\$ 10,424,593	\$ 10,273,603	\$ 7,765,561	\$ 2,326,103
Provision for contingencies reserve	—	—	—	600,000	300,000
Balance carried to earned surplus	\$ 8,777,328	\$ 10,424,593	\$ 10,273,603	\$ 7,165,561	\$ 2,026,103
Earnings per share:					
Preferred stock	\$ 89.52	\$ 105.41	\$ 102.74	—	—
Common stock	\$ 8.46	\$ 10.12	\$ 10.09	\$ 7.23	\$ 2.59

RECORD OF DIVIDENDS AND INTEREST PAID ON FUNDED DEBT

Dividends:

Preferred stock	\$ 393,190	\$ 398,900	\$ 344,000	\$ 4,664*	—
Common stock	3,961,896	4,457,133	4,457,133	3,218,247	\$ 1,171,879
Total dividends	\$ 4,355,086	\$ 4,856,033	\$ 4,801,133	\$ 3,222,911	\$ 1,171,879
**Interest paid on funded debt	—	—	—	—	—
Total dividends and interest	\$ 4,355,086	\$ 4,856,033	\$ 4,801,133	\$ 3,222,911	\$ 1,171,879

*Paid on preferred stock issues of subsidiary companies. Such issues were retired in 1946.

**On basis of cash payments made. This differs slightly from accrual basis used on profit and loss statement.

SUBSIDIARY COMPANIES

YEAR PERIOD ENDED DECEMBER 31, 1949

1944	1943	1942	1941	1940	1939	1938	Total
\$69,641,096	\$61,163,685	\$49,533,239	\$46,714,221	\$30,464,677	\$24,114,815	\$18,705,290	\$839,738,129
53,830,458	46,206,565	36,668,926	35,548,267	23,339,894	19,172,531	15,295,294	657,483,826
\$15,810,638	\$14,957,120	\$12,864,313	\$11,165,954	\$ 7,124,783	\$ 4,942,284	\$ 3,409,996	\$182,254,303
1,481,306	1,421,460	1,411,499	1,307,975	1,241,246	1,180,417	1,261,111	19,033,148
\$14,329,332	\$13,535,660	\$11,452,814	\$ 9,857,979	\$ 5,883,537	\$ 3,761,867	\$ 2,148,885	\$163,221,155
4,025,746	3,412,501	3,016,086	2,953,587	2,361,345	1,690,557	1,748,504	51,417,389
\$10,303,586	\$10,123,159	\$ 8,436,728	\$ 6,904,392	\$ 3,522,192	\$ 2,071,310	\$ 400,381	\$111,803,766
209,613	260,895	181,652	69,679	113,030	36,237	75,930	1,633,848
\$10,513,199	\$10,384,054	\$ 8,618,380	\$ 6,834,713	\$ 3,635,222	\$ 2,107,547	\$ 476,311	\$113,437,614
—	—	36,632	92,536	220,540	365,604	412,641	1,127,953
\$10,513,199	\$10,384,054	\$ 8,581,748	\$ 6,742,177	\$ 3,414,682	\$ 1,741,943	\$ 63,670	\$112,309,661
7,850,000	7,700,000	6,180,000	4,415,000	1,187,000	293,043	34,200	58,960,243
\$ 2,663,199	\$ 2,684,054	\$ 2,401,748	\$ 2,327,177	\$ 2,227,682	\$ 1,448,900	\$ 29,470	\$ 53,349,418
600,000	500,000	—	—	—	—	—	2,000,000
\$ 2,063,199	\$ 2,184,054	\$ 2,401,748	\$ 2,327,177	\$ 2,227,682	\$ 1,448,900	\$ 29,470	\$ 51,349,418
—	—	—	—	—	—	—	—
\$ 2.64	\$ 2.80	\$ 3.07	\$ 2.98	\$ 2.85	\$ 1.85	\$.04	—

FOR TWELVE YEAR PERIOD ENDED DECEMBER 31, 1949

—	—	—	—	—	—	—	\$ 1,140,754
\$ 1,171,879	\$ 1,171,879	\$ 1,171,879	\$ 1,171,879	\$ 1,171,879	\$ 195,313	\$ 234,376	23,555,372
\$ 1,171,879	\$ 1,171,879	\$ 1,171,879	\$ 1,171,879	\$ 1,171,879	\$ 195,313	\$ 234,376	\$ 24,696,126
—	—	\$ 37,031	\$ 91,234	\$ 207,677	\$ 310,900	\$ 346,005	\$ 992,847
\$ 1,171,879	\$ 1,171,879	\$ 1,208,910	\$ 1,263,113	\$ 1,379,556	\$ 506,213	\$ 580,381	\$ 25,688,973

RAW MATERIALS

PROCESSING

MILLS



PULP WOOD FROM THE FORESTS

WASTE PAPER FROM THE CITIES



ATLANTA

BALTIMORE

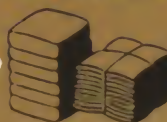
CHICAGO

DETROIT

KALAMAZOO

PHILADELPHIA

PULP AND PAPER STOCK



CHATTANOOGA

CHICAGO—OGDEN

CHICAGO—LAKE SHORE

FERNANDINA

LOS ANGELES

PHILADELPHIA

TACOMA

WABASH

WILMINGTON

CARTHAGE

CIRCLEVILLE

STRAW FROM THE FARMS



SOURCES AND FLOW OF PRIMARY MATERIALS THROUGH MILLS

FACTORIES *

PRODUCTS

USES

ANDERSON

ATLANTA

AUBURN

BALTIMORE

BOSTON

CHATTANOOGA

CHICAGO—LAKE SHORE

CHICAGO—35TH STREET

CHICAGO—ODDEN

CINCINNATI

CLEVELAND

FORT WORTH

GREENSBORO

JOHNSON CITY

KNOXVILLE

LOS ANGELES—BOYLE AVE.

LOS ANGELES—57TH STREET

MUSKOGEE

NEW ORLEANS

OAKLAND

PHILADELPHIA—MANAYUNK

PHILADELPHIA—6TH STREET

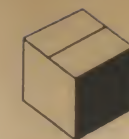
PORTLAND

ROCK ISLAND

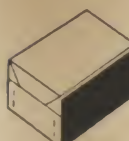
ST. LOUIS

SEATTLE

SIOUX CITY



CORRUGATED
CONTAINERS



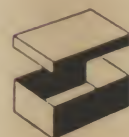
SOLID FIBRE
CONTAINERS



FOLDING CARTONS



FOOD PAILS



SET-UP BOXES



FIBRE CANS

Ammunition	Household Goods
Automotive Parts	Linens and Towels
Bakery Goods	Liquor and Wine
Beer	Machines and Parts
Boots and Shoes	Matches
Building Materials	Meat Products
Canned Foods	Paint and Varnish
Caps and Closures	Paper Products
Cereal Products	Personal Accessories
Chemicals	Petroleum Products
China & Pottery	Pharmaceuticals
Clothing	Publishers, Printers
Coffee, Tea, Cocoa	Radio Products
Confectionery	Rubber Goods
Cosmetics	Soaps and Cleansers
Dairy Products	Soft Drinks
Dehydrated Foods	Spices
Explosives	Sporting Goods
Electrical Products	Sugar and Salt
Frozen Foods	Textiles
Fruits and Vegetables	Tobacco Products
Furniture	Tools
Glass Products	Toys and Games
Hardware and Tools	Vegetable Products

PAPERBOARD



AND FACTORIES OF CONTAINER CORPORATION OF AMERICA

* The number of chimneys on the factory symbols indicates the products manufactured in them:

I—fibre cans
II—folding cartons

III—shipping containers
IIII—folding cartons and shipping containers

CONTAINER CORPORATION OF AMERICA

COMPARATIVE CONSOLIDATED BALANCE SHEETS—

ASSETS

	1949	1948
CURRENT ASSETS:		
Cash.....	\$ 7,541,323	\$ 7,521,586
U. S. Government securities, at cost, plus accrued interest.....	5,544,423	2,236,451
Accounts receivable, less reserves of \$174,469 in 1949 and \$186,122 in 1948	4,709,071	4,918,005
Inventories of finished goods, work in process, raw materials and supplies— priced at the lower of average cost or market.....	7,334,972	8,630,364
Total current assets.....	<u>\$25,129,789</u>	<u>\$23,306,406</u>
 INVESTMENTS AND ADVANCES, at cost:		
Investments and advances to foreign subsidiaries not consolidated.....	\$ 950,000	\$ 950,000
Other.....	81,307	323,932
	<u>\$ 1,031,307</u>	<u>\$ 1,273,932</u>
 CASH AND U. S. GOVERNMENT SECURITIES SET ASIDE FOR IMPROVEMENTS. . . .	 <u>\$ 4,000,000</u>	 <u>\$ 4,350,000</u>
 PLANT AND EQUIPMENT—stated at amounts (based in part on appraisals) recorded at dates of acquisition of properties (including properties acquired for capital stock), plus subsequent additions at cost:		
	Gross	Reserves
Land.....	\$ 4,127,968	\$ —
Buildings.....	13,338,850	4,666,384
Machinery, equipment, etc.....	37,627,490	16,804,955
Leasehold and leasehold improvements. . .	6,738,410	4,546,328
	<u>\$61,832,718</u>	<u>\$26,017,667</u>
	\$ 4,127,968	20,822,535
	8,672,466	18,894,594
	2,192,082	1,480,791
	<u>\$35,815,051</u>	<u>\$33,048,416</u>
 PREPAID AND DEFERRED CHARGES.....	 <u>\$ 1,036,349</u>	 <u>\$ 1,188,846</u>
 GOODWILL AND PATENTS.	 <u>\$ 1</u>	 <u>\$ 1</u>
	<u>\$67,012,497</u>	<u>\$63,167,601</u>

AND SUBSIDIARY COMPANIES

DECEMBER 31, 1949 AND DECEMBER 31, 1948

LIABILITIES

	1949	1948
CURRENT LIABILITIES:		
Accounts payable.....	\$ 1,811,759	\$ 1,910,061
Accrued liabilities—		
Salaries, wages and profit-sharing provision.....	1,273,698	1,465,043
Taxes, other than Federal taxes on income.....	941,187	959,561
Other.....	92,883	124,374
Dividends payable on preferred stock.....	98,050	98,900
Sinking fund payable on preferred stock.....	106,575	—
Provision for Federal income taxes of \$7,141,293 in 1949 and \$7,596,493 in 1948 less an equivalent amount of United States Treasury Notes each year.....	—	—
Total current liabilities.....	<u>\$ 4,324,152</u>	<u>\$ 4,557,939</u>
 RESERVE FOR CONTINGENCIES.....	 <u>\$ 955,190</u>	 <u>\$ 1,110,522</u>
 CAPITAL STOCK AND SURPLUS:		
4% cumulative preferred stock, \$100 par value; authorized and issued 100,000 shares.....	\$10,000,000	\$10,000,000
Common stock, \$20 par value; authorized 1,500,000, issued 990,474.....	19,809,480	19,809,480
Paid-in surplus.....	3,829,851	3,829,851
Earned surplus of which \$8,921,481 is restricted as to cash dividend pay- ments on common stock (see accompanying summary).....	28,384,753	23,962,511
	<u>\$62,024,084</u>	<u>\$57,601,842</u>
Deduct—Cost of 4% cumulative preferred stock held in treasury (1,100 shares in 1948, and 1,950 shares in 1949) and \$106,575 provision in 1949 for sinking fund on preferred stock.....	290,929	102,702
	<u>\$61,733,155</u>	<u>\$57,499,140</u>
	<u>\$67,012,497</u>	<u>\$63,167,601</u>

CONTAINER CORPORATION OF AMERICA AND SUBSIDIARY COMPANIES

SUMMARIES OF CONSOLIDATED PROFIT AND LOSS FOR THE YEARS ENDED DECEMBER 31, 1949 AND 1948

	1949	1948
NET SALES.....	\$114,770,627	\$131,056,327
COST OF SALES (including depreciation and depletion provision of \$2,650,180 in 1949 and \$2,433,370 in 1948)	92,476,947	106,716,349
Gross profit from operations.....	\$ 22,293,680	\$ 24,339,978
SELLING, ADMINISTRATIVE AND GENERAL EXPENSES.....	7,936,829	7,585,901
Profit from operations.....	\$ 14,356,851	\$ 16,754,077
OTHER INCOME, net.....	395,477	236,516
Balance before income taxes.....	\$ 14,752,328	\$ 16,990,593
PROVISION FOR FEDERAL TAXES ON INCOME.....	5,975,000	6,566,000
Net profit for year.....	<u>\$ 8,777,328</u>	<u>\$ 10,424,593</u>

SUMMARY OF EARNED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1949

BALANCE, DECEMBER 31, 1948.....	\$23,962,511
NET PROFIT FOR YEAR (per accompanying summary).....	8,777,328
	<u>\$32,739,839</u>
CASH DIVIDENDS DECLARED:	
Preferred stock (\$4.00 per share).....	\$ 393,190
Common stock (\$4.00 per share).....	3,961,896
	<u>\$ 4,355,086</u>
BALANCE, DECEMBER 31, 1949 (\$8,921,481 is restricted as to cash dividend payments on common stock)	<u>\$28,384,753</u>

NOTE: The company has filed claims for relief from a portion of its excess profits tax for the years 1940 through 1943 and 1945, under Section 722 of the Internal Revenue Code. The effect of such claims has not been reflected in the accompanying financial statements.

ARTHUR ANDERSEN & CO.

120 SOUTH LA SALLE STREET
CHICAGO 3

To the Stockholders of

Container Corporation of America:

We have examined the consolidated balance sheet of CONTAINER CORPORATION OF AMERICA (a Delaware corporation) and subsidiaries as of December 31, 1949 and the related summaries of consolidated profit and loss and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We made a similar examination for the year ended December 31, 1948.

In our opinion, the accompanying consolidated balance sheet and summaries of consolidated profit and loss and earned surplus present fairly the financial position of Container Corporation of America and subsidiaries as of December 31, 1949 and the results of their operations for the year then ended, and were prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

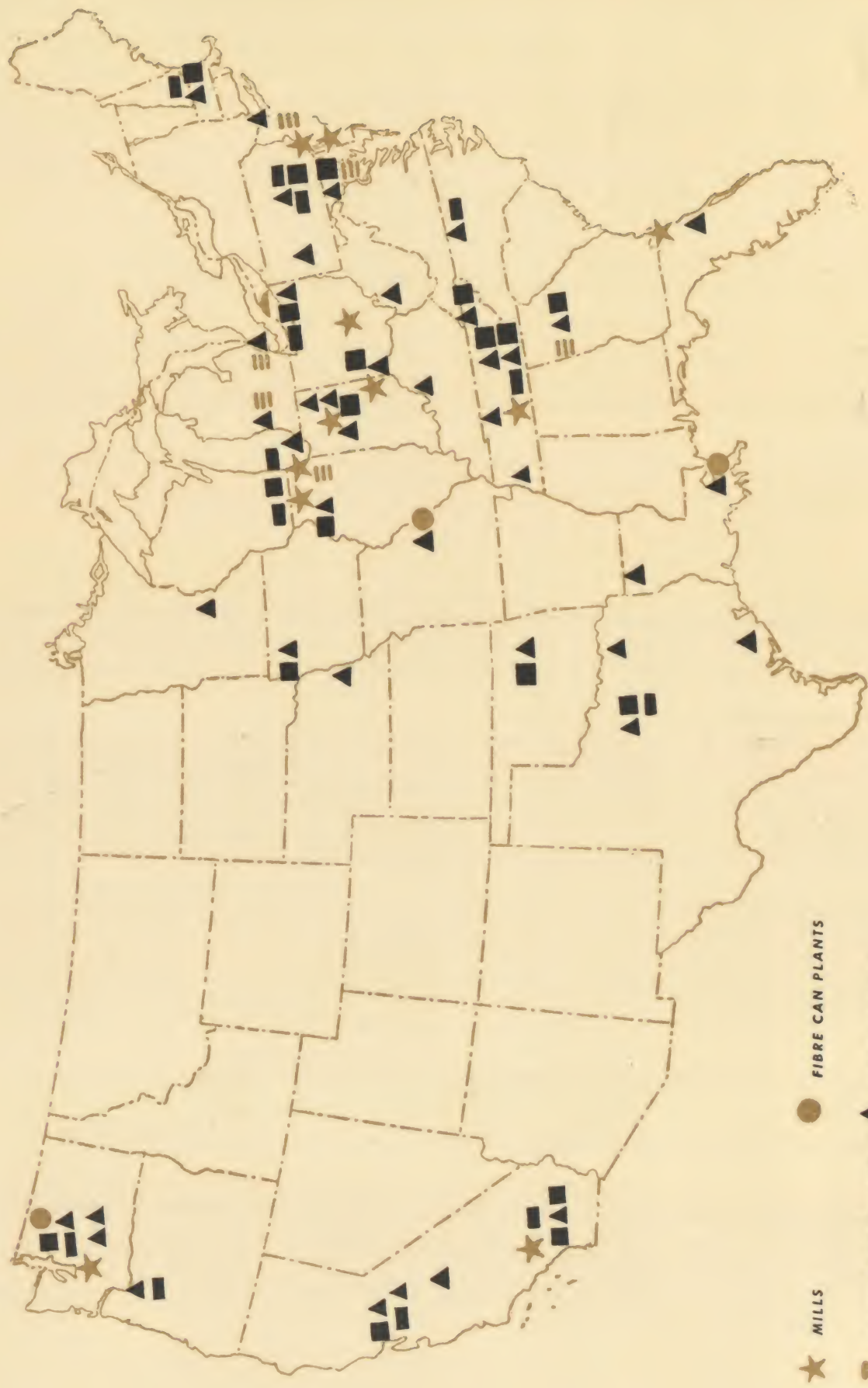
Chicago, Illinois

February 3, 1950

Arthur Andersen & Co.



Folding cartons and shipping containers manufactured by the Cartoenvases de Mexico, S. A. and Carton de Colombia, S. A. plants.



Mills, factories and sales offices of the Company are strategically located with respect to the industries they serve.

